

**UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF PUERTO RICO**

In re:
THE FINANCIAL OVERSIGHT AND
MANAGEMENT BOARD FOR PUERTO RICO,

as representative of

THE COMMONWEALTH OF PUERTO RICO, *et al.*,

Debtors.¹

PROMESA
Title III

No. 17 BK 3283-LTS

(Jointly Administered)

**REPLY OF PUERTO RICO SALES TAX FINANCING
CORPORATION TO RESPONSE FILED BY CLAIMANT
HELVIA CRUZ YBARRA TO NINETEENTH OMNIBUS
OBJECTION (NON-SUBSTANTIVE) TO DEFICIENT CLAIMS**

The Puerto Rico Sales Tax Financing Corporation (“COFINA”), by and through the Financial Oversight and Management Board for Puerto Rico (the “Oversight Board”), as COFINA’s representative pursuant to Section 315(b) of the *Puerto Rico Oversight, Management, and Economic Stability Act* (“PROMESA”),² files this reply (the “Reply”) to the *Response to Puerto Rico Sales Tax Financing Corporation’s Nineteenth Omnibus Objection to Deficient Claims to the Honorable Court* [ECF No. 5042], which was subsequently amended on February 13, 2019 [ECF No. 5114] (the “Response”), filed by claimant Helvia Cruz Ybarra (the “Claimant”) to the *Puerto Rico Sales Tax Financing Corporation’s Nineteenth Omnibus Objection*

¹ The Debtors in these Title III Cases, along with each Debtor’s respective Title III case number and the last four (4) digits of each Debtor’s federal tax identification number, as applicable, are the (i) Commonwealth of Puerto Rico (the “Commonwealth”) (Bankruptcy Case No. 17 BK 3283-LTS) (Last Four Digits of Federal Tax ID: 3481); (ii) Puerto Rico Sales Tax Financing Corporation (“COFINA”) (Bankruptcy Case No. 17 BK 3284-LTS) (Last Four Digits of Federal Tax ID: 8474); (iii) Puerto Rico Highways and Transportation Authority (“HTA”) (Bankruptcy Case No. 17 BK 3567-LTS) (Last Four Digits of Federal Tax ID: 3808); (iv) Employees Retirement System of the Government of the Commonwealth of Puerto Rico (“ERS”) (Bankruptcy Case No. 17 BK 3566-LTS) (Last Four Digits of Federal Tax ID: 9686); and (v) Puerto Rico Electric Power Authority (“PREPA” and together with the Commonwealth, COFINA, HTA, and ERS, the “Debtors”) (Bankruptcy Case No. 17 BK 4780-LTS) (Last Four Digits of Federal Tax ID: 3747) (Title III case numbers are listed as Bankruptcy Case numbers due to software limitations).

² PROMESA is codified at 48 U.S.C. §§ 2101-2241.

(Non-Substantive) to Deficient Claims [ECF No. 4506] (the “Nineteenth Omnibus Objection”).

In support of this Reply, COFINA respectfully represents as follows:

1. On December 19, 2018, COFINA filed the Nineteenth Omnibus Objection, seeking to disallow in their entirety fifty-five (55) duplicative and deficient proofs of claim (the “Duplicative and Deficient Claims”) as listed on Exhibit A thereto. Each of the Duplicative and Deficient Claims subject to the Nineteenth Omnibus Objection purports to hold an ownership interest in one or more mutual funds, which, in turn, may have invested in prepetition bond(s) issued by COFINA. On the one hand, to the extent the Duplicative and Deficient Claims purport to assert a claim against COFINA based on investment(s) by one or more mutual funds in prepetition bond(s) issued by COFINA, such portion of the Duplicative and Deficient Claims is duplicative of one or more master proofs of claim filed by Bank of New York Mellon (“BNYM”), as Trustee of the bonds issued by COFINA. On the other hand, to the extent the Duplicative and Deficient Claims purport to assert a claim against COFINA based on an alleged ownership interest in mutual fund(s) that made other investments, including investing in bonds not issued by COFINA, such portion of the Duplicative and Deficient Claims fails to comply with the applicable rules by not providing a justification for purporting to assert a claim against COFINA on this basis. Pursuant to the Court-approved notice, any party who disputed the Nineteenth Omnibus Objection and relief requested therein was required to file a response by 4:00 p.m. (Atlantic Standard Time) on February 1, 2019.

2. On February 1, 2019, the Claimant filed the Response to the objection to Claimant’s proof of claim filed against COFINA on June 29, 2018, and logged by Prime Clerk as Proof of Claim No. 49458 (the “Claim”). See Nineteenth Omnibus Objection, Exhibit A, Line 12.

The Response included documentation of a UBS account in which Claimant purports to hold ownership interests in two mutual funds, Puerto Rico Investors Tax Free Fund, Inc., and Puerto Rico Fixed Income Fund, Inc.

3. The Response does not provide any information regarding whether the mutual funds in which Claimant purports to have an ownership interest invested in bond(s) issued by COFINA. Accordingly, the Response still fails to comply with the applicable rules because it does not provide a justification for purporting to assert a claim against COFINA.

4. In any event, any claim in respect of investments in bond(s) issued by COFINA made by the mutual funds in which Claimants purports to have an ownership interest would be duplicative of one or more master proofs of claim (each, a “Master Proof of Claim,” and collectively, the “Master Proofs of Claim”) filed by Bank of New York Mellon as trustee of the prepetition bonds issued by COFINA.

5. As the Court is well aware, the *Third Amended Title III Plan of Adjustment of Puerto Rico Sales Tax Financing Corporation* (the “Plan”) [ECF No. 4652] was confirmed by the Court on February 4, 2019. *See Order and Judgment Confirming the Third Amended Title III Plan of Adjustment of Puerto Rico Sales Tax Financing Corporation* [ECF No. 5048]. On February 5, 2019, the Court issued an *Amended Order and Judgment Confirming the Third Amended Title III Plan of Adjustment of Puerto Rico Sales Tax Financing Corporation* [ECF No. 5055] (the “Amended Order”). The Plan became effective on February 12, 2019, when the conditions set forth in Section 25.1 of the Plan were satisfied. Amended Order at 20. Distributions were made to holders of Bond Claims pursuant to Article XIX of the Plan.³

³ Section 1.44 of the Plan defines a “Bond Claim” as a “Claim on account of a ‘Senior’ or ‘First Subordinate’ Existing Security issued by COFINA” *See* Plan at 6.

Consequently, each of the claimants, to the extent they are holders of a Bond claim and are listed on the records of the Depository Trust Company, have received distributions on account of their claims against COFINA. To the extent Claimant holds an ownership interest in bonds issued by COFINA, allowing Claimant's duplicate Bond Claim would result in Claimant, through the mutual funds at issue, potentially receiving an unwarranted double recovery against COFINA, to the detriment of other stakeholders in COFINA's Title III case. Moreover, Claimant will not be prejudiced by the disallowance of her claim because the liabilities associated with her claim are subsumed within the master proofs of claim.

6. Accordingly, COFINA respectfully requests that the Court grant the Nineteenth Omnibus Objection as to the Duplicative and Deficient Claims.

Dated: March 6, 2019
San Juan, Puerto Rico

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that on March 6, 2019, I electronically filed the foregoing with the Clerk of the Court using the CM/ECF system, which will send notification to all counsel of record, and all CM/ECF participants in the case.

/s/ Hermann D. Bauer
Hermann D. Bauer